

BONDED DEBT AUTHORIZATION

The Constitution of Virginia and the Public Finance Act provides the county with authority to issue general obligation debt secured solely by the pledge of its full faith and credit, as well as debt secured first by the fee revenues generated by the system for which the bonds are issued and, if necessary, by general obligation tax revenues. The county also is authorized to issue debt secured solely by the revenues of the system for which the bonds are issued. There is no limitation imposed by state law or local ordinance on the amount of general obligation debt which a county may issue; however, with certain exceptions, all debt which either directly or indirectly is secured by the general obligation of a county must be approved at public referendum prior to issuance. Debt secured solely by the revenues generated by the system for which the bonds were issued may be issued in any amount without public referendum.

The county, as of June 30, 2002, had total net general long-term outstanding obligations of \$417.2 million. Those obligations consist of \$341.9 million in general obligation bonds (\$263.8 million for schools, \$78.1 for general county improvements), \$6.4 million in State Literary Fund Loans, \$28.6 million in capital leases, \$3.9 million in retirement plan obligations, and \$36.4 million in judgments, claims, and compensated absences payable.

In November 1996, county residents approved a Bond Referendum totaling \$228.4 million. Those bonds have been sold, and the majority of projects financed with bond proceeds have been completed. The few remaining projects are well underway.

The Board of Supervisors and the School Board have agreed to plan for a bond referendum in the Fall of 2004. The FY2004-FY2010 Capital Improvement Program identifies potential projects that could be placed on the referendum. The debt management policies referenced above have been used to determine the amount of debt the county can afford to issue per year and stay within the recommended criteria.